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INFORMATION REPORT

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CENTRAL INTELLIGENCE AGENCY

COUNTRY

India

SUBJECT

Influence of New Property Seizure
Legislation on Land Reform

25X1A6a

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Mid-Apr 55

DATE OF INFORMATION (Date or dates, on or between which, events or conditions described in report existed)

18 Apr 55

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SOURCE

1. According to a new amendment to the Indian Constitution carried by both houses of Parliament this morning [18 Apr 55], the Indian Government would be able to seize private property just for a song.
2. Even formerly, the Government had the power to acquire private property --both movable and immovable--in the general interest of the nation, but it had to pay compensation for it, the adequacy of which could be questioned in a court of law.
3. In such cases, the Supreme Court of India in the past has insisted on a full compensation equivalent to the current market value of the property acquired.
4. Mr. Nehru, who has vast schemes of land reforms and slum clearance to fulfill, and the ideal of a progressive realization of a "socialist pattern of society," has been thwarted by the courts several times. Nehru's main contention was that apart from the sheer physical impossibility of paying compensation at the "market value" rate, this defeated his very purpose--the evolution of an egalitarian society. Since the idea was to decrease the huge existing disparity in wealth, a very high rate of compensation could only continue the inequality in a different form.
5. The facade of compensation for any acquired property is still kept, but it will be no longer justiciable, and if the Government chose to pay only a nominal sum, no legal authority would be able to question its wisdom.
6. Indeed, when some private interests expressed a sense of frustration and insecurity over the new measure, they were advised by India's Home Minister, G. B. Pant, to reflect that property is "only a creature of the state" and to fall in with demands of the times lest worst befall.
7. Minister Pant refused to give any kind of assurance to domestic capital against nationalization, though discreetly and wisely he ruled that he could not expropriate foreign capital, for it would involve a breach of faith and might reduce India's credit in the eyes of the world.

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JUN 9 - 1955

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8. It is believed that this measure will enable the Government to lick the land problem soon, and despite the undemocratic appearance of the new measure, it might go a long way to break the backbone of Communism in India.
9. Till a few years back, most of the Indian agricultural land was either in the hands of landlords, who exploited their tenants most shamelessly, or in the hands of a few big farmers who had it worked by cheap agricultural workers.
10. The majority of the 80 per cent of the total Indian population, which in one way or the other depends upon agriculture for a living, had no land of their own. Their misery and insecurity made them ready victims to the Communist promises of land, bread and free education.
11. The Nehru Government has been trying to hit the problem by transferring the land controlled by rich feudal lords to these poor tillers for private or cooperative cultivation. They paid these landlords compensation--indeed, US\$661,941,000 (a very large sum considering the poor economy of India) was slotted to be paid in the States of Uttar Pradesh and Bihar alone--but even this was deemed insufficient by the courts.
12. The new measure should complete the land revolution in India by the end of 1955.
13. Moreover, some honest people are doubting the effects of this measure in the long run. Everybody knows that in the hands of less scrupulous people than Mr. Nehru, such a powerful weapon can be used to steamroller all private enterprise and can prove a boon to people who have their own ideas of democracy.

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